

How a Microfinance Network Could Have Preempted the Syrian Uprising

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The story shared below sheds light on a hitherto unknown prelude to the Syrian Uprising of March 2011. It is a story of a microfinance network of *sanadiq*, or village funds, that was first established in an area known as Jabal al-Hoss, southeast of Aleppo, and was eventually disseminated throughout rural Syria. The story begins in 1996, when Syria hosted its first conference on poverty, and it ends in 2009, after the Syrian government shut down the *sanadiq* established at Jabal al-Hoss. For a brief period of time, over 7,000 inhabitants of Jabal al-Hoss were directly involved in an institutional setup, which empowered them politically and financially, and which constituted a model that was emulated not only in other parts of Syria, but in Lebanon and Jordan as well. In attacking and eventually dismantling this network, the Syrian government inadvertently lost an important opportunity to deflate the sense of political and economic marginalization of Syria's rural inhabitants, which eventually found expression in the Arab spring.

I – Context: The Baath & Rural Syria (1970 – 2011)

Several studies have documented the way in which the Baath (post *al-harakah al-tashihyyah* or the Correctionist Movement of November 13, 1970) has interacted with Syria's rural areas.² The majority of such studies have concluded that by June 2000,

when Hafez al-Assad died, there was much that the Baath could credibly boast to have accomplished in this domain. Though the Baath in essence pursued a socialist policy, it left the vast majority of land ownership in rural areas in private hands.³ Yes, it curbed the excessively large land holdings, but even when it came to the old rural bourgeois, whom the Baath encountered in the late 1960s/early 1970s, it did not attempt to eliminate them; indeed one might even argue that it invigorated them by transforming them from feudal to capitalist land owners.⁴ Furthermore, the Baath also fostered the creation of a middle class in Syria's rural areas through the Agricultural Co-operative Bank (ACB), the General Peasants Union (GPU), and the thousands of cooperatives that sought to engage everyone involved in agricultural production. The Baath even succeeded in engaging Syria's rural inhabitants in what was previously a distinctly urban phenomenon, i.e. the networks of privilege and corruption.⁵ Those who the Baath initially left out, i.e. the extremely poor, were a small minority, which as late as the 1980s seemed to be of no real significance. Yet, three major dynamics, at work in the shade, were destined to change this entire equation.

The first of these dynamics was the significant population growth rate, which amounted to the doubling of Syria's population every twenty-two years. In 1970, Syria's total population was 6.3 million, and the Baath had to successfully interact with around 3.5 million people living in rural areas.⁶ By 2000, Syria's total population had reached 16.5 million and its rural population was 7.9 million.⁷ The second dynamic was education. The Baath had indeed succeeded in bringing roads, electricity and public schools to Syria's towns and villages. In

the process however, it had created a segment of Syria's rural population that was entirely different than those encountered by the Baath in 1970. Not only were the 3.5 million of the 1970s rural in geographic terms, but they were also rural in the sense that agriculture dominated their lives. Illiteracy rates were high and professional aspirations were almost entirely linked to the land. By 2000, over 40% of those living in Syria's rural areas were under 14.⁸ A new generation was in the process of emerging that was predominately literate, often educated, and increasingly not interested in agriculture. Whatever arable land that did exist was firmly in the hands of the old and new rural bourgeois, and the majority of this new generation did not belong to either. It was a generation that lived in rural areas, but outside of the institutional networks, which the Baath had so carefully created in rural Syria, and outside of the advantages that came through the socialist policies that the Baath had initiated. The third dynamic was the Islamization of Syria's rural areas. The Grand Mufti of Syria, Sheikh Ahmad Kuftaro, had accepted, even embraced, an Alawite president of Syria in 1971, despite the strong objection of many Sunni scholars to his position.⁹ This alliance was further reinforced when Kuftaro refused to join the Muslim Brotherhood revolt of 1979. Yet, in return for his position, Kuftaro, and the extensive network of other religious groups that chose to identify with his approach spread their strong sense of Muslim religiosity to Syria's rural areas. Because the regime regarded them as 'friendly,' and in an attempt to counter the Brotherhood's accusations of being anti-Islamic, they were allowed to conduct their *durus*, or religious lessons, and to establish *ma'ahid al-asad litahfiz al-qur'an* (the Assad Institutes for Qur'anic Memorization) in the numerous mosques that were built all over Syria, rural and ur-

ban. All this meant that this new generation was also far more Muslim in actual practice than previous rural generations in Syria.

This new generation was waiting, indeed thirsty, to being empowered, but neither economic nor political empowerment arrived. That is not to say that nothing was done. In 2001, Law no. 71 created the National Programme for Combating Unemployment; from which the General Commission of the National Programme for Combating Unemployment was created.¹⁰ A total of 50 billion Syrian pounds was allocated for this project. The Fifteenth Five Year Plan (2005-2010) had as one of its primary objectives the eradication of poverty through social and economic development. Within the framework of this plan, the National Programme for the Alleviation of Poverty was initiated in 2008. In 2009, the General Commission for Employment and Project Development was established in cooperation with public and private banks in Syria. Furthermore, in 2010, the Social Welfare Fund was created to provide assistance to poor families throughout Syria with a total budget of \$250 million. In response to the significant drought, which began in 2008 and continued well into 2010 (described by the UN as the worse in four decades), a large number of Government initiatives, often in coordination with UN agencies, were also implemented.¹¹

All of this however, failed to deliver the most important ingredient that this new generation expected. A thirst for empowerment is not quenched through the distribution of loans, regardless how relaxed the terms may be, nor through the distribution of what amounted to charitable assistance. None of

the initiatives that the Syrian government initiated and supported, in the post Hafez al-Assad era, embraced the idea of the establishment of autonomous financial institutions that were entirely managed by the rural poor. There was only one exception to this, the network of village funds at Jabal al-Hoss.

II - Introducing Microfinance to Syria: (March 1996 – March 1998):

The idea of microfinance, as a government endorsed mechanism for poverty alleviation, arrived in the Syrian Arab Republic in the mid-1990s. Specifically, in 1994, the United Nations Development Programme (UNDP) in Damascus was asked by its headquarters in New York to start a discussion with the Syrian government on poverty alleviation and the empowerment of the poor through microfinance initiatives.¹² Subsequently, a series of extensive and often contentious, meetings began between the UNDP office and its government parallel, the State Planning Commission (SPC). Representing UNDP in these discussions were four individuals who either participated as a team or asked one or two members to represent the others: Kyaw Lwin Hla,¹³ UNDP Resident Representative (RR), El Bella Hagona,¹⁴ Deputy Resident Representative (DRR), Abdallah Dardari,¹⁵ Head of the Programme Section, and Omar Imady,¹⁶ Head of the Programme Support Unit. The Syrian Government, on the other hand, was represented by Abdel Rahim Subai, Minister of State for Planning Affairs,¹⁷ his deputy, Tawfiq Ismail,¹⁸ and Bassam Sibai,¹⁹ the Head of International Relations. The major intellectual obstacle that needed to be overcome was for the Syrian government to acknowledge, openly and formally, that at least some of its inhabitants, after 30 years of socialist rule, can be classified as poor. The SPC preferred the term

mahdudi al-dakhil (people of limited income). Discussions continued for over a year and seemed to be going nowhere until an unexpected breakthrough took place.

The Minister of Labor and Social Affairs, Ali Khalil,²⁰ during a meeting with Dardari and Imady, expressed his willingness, not only to acknowledge the existence of poverty in Syria, but also to cosponsor in Damascus a regional conference on poverty alleviation.²¹ This embarrassed SPC since it made it seem overly concerned with a position that was regarded as both unnecessary and unhelpful by other government officials. Indeed, a poverty alleviation conference was held in Damascus in February 1996. Ali Khalil opened this conference and delivered a speech that constituted the first public acknowledgment of poverty in Syria.²² The ice had indeed been broken and subsequent discussions with SPC regarding programmes that would address rural poverty were initiated shortly after the conference.

In September 1997, Hans Dieter Seibel,²³ a German authority on microfinance, arrived in Damascus on a UNDP consultancy with the objective of formulating UNDP's first project document that would directly address rural poverty in Syria. Seibel worked closely with Dardari and Imady, and after various consultations with SPC and other UN agencies working in Syria (IFAD, UNICEF, WHO, FAO, & WFP), it was agreed that the project would focus on an area, located 15 KM south-east of Aleppo city, known as Jabal al-Hoss. This area was selected not only because it was very poor and highly lacking in resources, but also because a number of UN agencies had already initiated activities in some of its villages. The most im-

portant of these UN interventions was a large reclamation project funded by IFAD (with a total budget of \$29 million), which essentially aimed at purchasing special de-rocking equipment that would subsequently be used to reclaim land for agricultural use in Jabal al-Hoss.²⁴ The purchase of equipment, however, was stalled by bureaucracy, and the implementation of project activities was still on hold nearly three years after the project was signed.

1.1. Jabal al-Hoss: Major Indicators²⁵	
Area:	157,000 ha
Average Rainfall:	150-250 mm
Ground water:	Aleppo as a whole is a poor basin
Land Quality:	Over 80% of land requires derocking
Population:	208,000
Villages:	156
Population structure:	51% under 15 – 92.9% under 40
Families:	23,000
Average Family size:	7.78
Illiteracy rate	58%
Percentage of literate population which had completed primary school education:	Men: 16% Women: 10%
Percentage of population with access to medical services:	12.2%
Percentage of population with access to electricity:	66%
Percentage of male heads of households who:	
-work exclusively in agriculture	31.8%
-work in both agriculture & other jobs	31.2%
-work as laborers in factories	15.1%
-work as government employees	4%
-work as entrepreneurs	1.7%
-migrated in search of job opportunities	19.3%
Average Annual Income:	\$198 (less than one-sixth of the national average)

Seibel had a general idea of what he wanted to propose: a sustainable mechanism of microfinance that would serve to empower the rural poor in Jabal al-Hoss. There was an important question, however, that first had to be addressed; namely, how would such a mechanism be situated in the overall framework of formal and informal rural finance? To answer this question, Seibel needed to examine the only formal institution in the late 1990s engaged in finance operations for Syria's rural poor; namely, the Agricultural Cooperative Bank (ACB).

The ACB can be traced back to the Ottoman bank of *Mireh* (the share of the state in cereal revenues) established in 1888.²⁶ Its original function was actually that of a tax-in-kind collection agency rather than a finance mechanism. Its various branches were merged into the Agricultural Bank in 1925. Under the Baath regime, the ACB became a major instrument of socialist economic policies. Administratively, it is a state managed cooperative body operating under the supervision of the Ministry of Economy. The overlapping relationship between the ACB and the GPU is ensured by the fact that two representatives of the GPU are members of the ACB's Board of Directors. Interest rates of the ACB are fixed by the government. The interest rate structure is inverted, which means that interest rates on deposits generally exceed lending rates. While deposit rates varied from 4-8%, lending rates varied from 4-7.5%. An inverted interest rate structure acts as a disincentive for a bank to mobilize savings deposits since it loses money with every loan it makes. Hence, only 14% of deposits mobilized by the ACB in 1997 were passbook savings and term deposits, thereby leaving a large savings potential untapped and depriving the

rural population of an essential service. Because the inverted interest rate structure makes banking unprofitable, the ACB had in effect turned into a trading company with 85% of its gross income derived from input trading and only 15% from banking. In the late 1990s, credit was provided by the ACB through 6820 cooperatives to approximately 215,000 farmers. In so doing, the ACB neither secured profit of its own, again because of its interest rate structure, nor engaged in any serious risk because of its strict policy on land collateral. Three major types of loans were provided: (i) seasonal and short term loans for periods of less than 350 days; (ii) medium-term loans for periods of up to 5 years; and (iii) long-term loans for 6-10 years. Overall, average loan size was 80,000 Syrian pounds (\$1,740 at 1997 exchange rates). Maximum loan size was 500,000 Syrian pounds and was later increased to 1 million. All loans were secured, the vast majority through physical collateral, but also at times through a government paid salary. Loans were given solely for productive agricultural purposes. Profitable, yet non-agricultural opportunities, could not be financed by the ACB. Nor could emergency situations requiring immediate financial inputs. By 1999, the ACB had 266,000 borrowers or 7% of the adult rural population and 20% of rural households.

Having studied the ACB and after several meetings with its managers in Damascus, Seibel concluded that the ACB was neither suitable nor interested in becoming the institutional host through which microfinance is provided to the rural poor in Jabal al-Hoss. In fact, the ACB represented the antithesis of what microfinance and the empowerment of the poor stood for. The ACB, under the Baath regime, had succeeded in ensuring that farmers who own land are provided with a security net-

work in the form of loans that were frequently given grace periods or cancelled altogether. Ironically, what this amounted to was the creation of a rural middle class by a government that took pride in being ideologically anti-bourgeois.²⁷ It also resulted in the financial marginalization of a large segment of the rural population since they were effectively outside this safety network. When an important segment of the population has no access to formal credit, someone has to fill in the gap.

Informal mechanisms of finance were even more present in rural areas than the over 6000 agricultural cooperatives. Field visits to villages in Jabal al-Hoss, which took place in the autumn of 1997 by Seibel, Dardari and Imady confirmed, and this was subsequently academically supported by field studies, that moneylenders were present in almost every village, providing loans with interest rates as high as 100%.²⁸ In fact, the very segment of the rural population which the Agricultural Bank had refused to interact with, i.e. those who cannot provide land collateral and/or who do not have a government job, were effectively in constant debt; and it was debt of a type that systematically made them poorer.

On the basis of these facts, it became clear that the sustainable microfinance mechanism that UNDP sought to establish for the inhabitants of Jabal al-Hoss had to be not only autonomous from the ACB, but it also had to be locally based (on the village level) so as to provide a viable alternative for moneylenders. Since visits to Jabal al-Hoss had also pointed to a very strong religious discomfort with the idea of interest, irrespective of its rate, it also became clear that for this micro-

finance mechanism to be truly sustainable, it had to be consistent with the values of the people it sought to serve.²⁹

III - Establishing a Network of Village Funds: (March 1998 – August 2001)

The preparation of the first UNDP project document for a microfinance project in Syria took place over the period September 1997 to March 1998. The document was prepared by Seibel, with inputs from both Dardari and Imady. The total amount of funds allocated for the project was \$1,331,000.000, of which \$500,000 was to be allocated for the microfinance scheme.³⁰ The star component of this document was of course the *sandug* (plural *sanadiq*) or village fund. The *sandug* was conceived as an institutionalized and significantly more advanced version of the *jam'iyah* (lit. association, but used also to denote a group of people who agree to circulate their collected funds on a regular basis amongst them). Aware of the complexities that only become clear when actual implementation begins, Seibel deliberately articulated the idea of the village fund in general terms. There were, however, principles that could not be violated:³¹

- (i) Self-reliant: Yes the *sanadiq* would be injected with funds from UNDP, but only after local resources were mobilized.
- (ii) Self-managed: Seibel chose to ignore everything that was shared with him regarding the multiple layers of government-sponsored institutions, which, according to SPC, *must be involved* in the implementation of project activities. The SPC frequently emphasized that the General Peasants Union, the

General Women's Union (GWU1) and the General Workers' Union (GWU2), which were in fact government funded and managed, were the 'natural choice' for the management of the *sanadiq*.³² Instead, Seibel emphasized self-management and the project document was eventually signed with this principle included.

(iii) Consistent with local values: As noted above, the inhabitants of Jabal al-Hoss repeatedly emphasized during field visits that they were uncomfortable with the idea of interest and that they only go along with it because no other alternative existed. Ironically, it was the younger generation that seemed the least comfortable with interest. Jabal al-Hoss, as was the case with many other rural areas in Syria, had undergone a process of Islamization which may be traced roughly to the early 1970s, and which manifested itself not only with discomfort with interest because of the Quranic ruling against usury, but also with the widespread building of mosques and the relinquishment of traditional female attire for a more urban version of Sunni conservatism.³³

(iv) Women empowerment: UNDP was determined to prevent the village funds from becoming male dominated institutions. Special attention was given to ensure full female participation in the management of, and accessibility to, the village funds.

In March 1998, after having been favorably reviewed by the Minister of Agriculture, As'ad Mustafa,³⁴ SPC put aside its reservations and agreed to sign the project document. "SYR/97/004, Community Development at Jabal al-Hoss" was signed by the Minister of Agriculture, the Minister of State for Planning Affairs and the Resident Representative of UNDP on

March 31, 1998.

Indeed, the birth and eventual blooming of the village funds in rural Syria would not have been possible without the regular intervention of a number of senior government officials who, irrespective of whether or not they were important members of the Baath establishment, clearly proved to be reformers at heart. Their reformist tendencies were not a secret though they exhibited significant wisdom in how and when they chose to make such tendencies known. The first such reformer was Ali Khalil, a member of the Naserist Socialist Arab Union Party which was represented in *al-jabaha al-wataniyyah al-taqadumiyyah* (the National Progressive Front), who took it upon himself to proclaim that Syria does indeed have poverty; rural poverty in particular. The second was As'ad Mustafa, a long standing Baathist, who remained an important supporter of the project until December 13, 2001 when a new cabinet was appointed. Mustafa is now a well-known dissident who has recently been appointed as the Minister of Defence under the National Syrian Coalition. Mohammad Imady,³⁵ the Minister of Economy, a non-Baathist American educated technocrat, was also an important supporter of the project. At several points in the project's life, he ensured that the ACB, which administratively belonged to the Ministry of Economy, would not forcibly impose itself on the financial implementation of the project, and regularly provided the advice that to the extent possible project achievements should not be publicized until they have fully bloomed. Finally, Abdallah Dardari, also a non-Baathist and Western educated, in both his capacities as president of SPC and Deputy Prime Minister for economic Affairs, tried to protect the network of microfinance created in Jabal al-Hoss, as

will be elaborated below.

Although the project was signed on March 31, 1998, actual implementation of project activities did not begin until September 1999. It took a year and a half to identify qualified project staff that were acceptable to UNDP, SPC and the Ministry of Agriculture. Though the length of this period seems difficult to understand, it was not at all unusual with such projects to experience administrative delays, especially as UNDP project staff would be eligible to salaries that were higher than the national average. Abdel Razzaq Duqsi, an agricultural engineer from Aleppo and an employee of the Ministry of Agriculture, was eventually selected as the National Project Director (NPD). Indeed, Duqsi was to become a highly instrumental figure in the story of microfinance in Jabal al-Hoss. He possessed a natural talent of adaptation and very strong diplomatic skills, which enabled him to absorb the idea of microfinance, as articulated by Seibel, and transplant it into the culture of Jabal al-Hoss. Duqsi was also fortunate to identify a number of individuals who would enthusiastically embrace the project's objectives and remain part of its team until the very end, Mahmoud al-As'ad, Senior Finance Officer, and Nashwa Abd al-Karim, Women Empowerment Officer.

The first challenge faced by Duqsi was to organize what were possibly the first non-ideologically driven elections in post-Baath Syria.³⁶ Each fund was to have a management committee, freely elected by its members for a one year-term, which had the responsibility of managing its financial operations. The committee was also responsible for admitting or rejecting new members, beyond the initial founding members,

and for providing the first necessary layer of approval for a loan to be processed.³⁷ Duqsi would later share how he was frequently visited by members of the security who were clearly uncomfortable with these elections, and with the lack of direct participation by the ACB and the PU. While Duqsi's skills in diplomacy were frequently tested, he continued to assert that he is merely implementing an agreement between the Syrian government and an international organization and that any serious objection should be brought up with higher authorities. This argument protected the project and Duqsi until his dismissal in November 2005.

The first indicators on the progress of the project clearly attested to Duqsi's successful management. By December 31, 2000, nine *sanadiq* had been established, with a total of 1,025 members, of which 355 were women.³⁸ The total amount of resources mobilized locally was 1,866,500 Syrian pounds (a remarkable achievement given the fact that SPC was convinced that no one would be willing to deposit their own savings in such a project, if in fact they had savings to begin with); of which 613,000 constituted the share of funds deposited by women.³⁹ The equity grant provided by UNDP, on the other hand, was 4,300,000 Syrian pounds.⁴⁰ Because the funds operated on the Islamic principle of *murabaha* (sale on profit), borrowers did not receive cash in hand but rather the process of lending followed these steps: members of a *sanduq* would fill out an application for a loan that included their description of the activity that they wished to fund. After the application was reviewed by the village committee, examined by relevant experts from the project staff and finally approved by the NPD, borrowers would be accompanied by a designated project staff

member to the market where the needed inputs would be purchased by the *sandug* representative.⁴¹ When repayment was due, the loan had to be returned to the fund plus a percentage of the profit, which was set at the time the loan was provided.

‘The hour of truth,’ as it came to be known by those involved in the project, was when the first repayments of loans were due; namely, June 30, 2001. The major question was: would borrowers who were not bound by a formal collateral contract repay their loans? This question, of course, had very important implications since the *modus operandi* of the ACB was based on the premise that repayment is only possible when collateral was secured. On June 30, 2001, 74% of the borrowers repaid their loans. Coordination between project staff and the committees of the *sanadiq* resulted in a 98.9% repayment rate by mid-July, and a 100% rate by mid-September.⁴² Clearly, the idea that a self-reliant, self-managed, and values-consistent financial mechanism was capable of fostering a culture within which repayment is secured despite the absence of formal collateral had been vindicated.

IV - Rural Success & Urban Neglect (August 2001 – January 2003)

The *sanadiq* created in Jabal al-Hoss grew to levels no one, not even the most optimistic of those who supported them, predicted. By December 2002, a total of twenty-two village funds had been established in Jabal al-Hoss. The number of shareholders had grown from 1,025 in December 2000 to 4,691; of which 41% were women. The total capital had grown from 6.2 million Syrian pounds in December 2000 to 27.71 million; of which

6.48 million Syrian pounds were mobilized from the inhabitants of Jabal al-Hoss. The average return on equity rose from 12.3% in December 2001 to 17%, while the number of loans had grown from a mere 92 in December 2000 to a spectacular 1,020 in December 2002, and the repayment rate stood at 99.7%.⁴³ Furthermore, a *sandug markazi*, or Central Fund, had been created with an initial funding of 5.565 million Syrian pounds.⁴⁴ In addition to these achievements, a database had been created to regularly update human development indicators in Jabal al-Hoss (which was destined to become the prototype of Syria's first National Human Development Report).⁴⁵ An Executive Board for the entire region of Jabal al-Hoss, bringing together elected members of the individual funds, had also been established.

It was clear for any analytic observer that these numbers pointed towards something very significant. Over 4000 men and women were engaged in an institutional activity that allowed them to elect their own representatives and to manage their own finances in a manner that was entirely outside the existing political/economic framework. With an average household of over seven, nearly 28,000 inhabitants of Jabal al-Hoss were directly affected by this phenomenon. Equally important is the fact that whatever was taking place could not possibly be dismissed as unsuccessful or not rewarding. Indeed, if all of this can take place outside of the sponsorship of Baath institutions, i.e. the ACB, PU, GWU1, GWU2, what does this say about the effectiveness, indeed the necessity of such institutions?

These questions however, were not being asked, not openly at least. The project had proven to be a success, had achieved its objectives and had already been extended twice beyond its original end date in 2000. All energies were now focused on the second Phase of the project. The preparation of Phase II of Community Development at Jabal al-Hoss began in 2002. This time, it was Omar Imady, who had left his position at UNDP in April 2001 to pursue the career of an UN consultant, who was asked to prepare the project document. Inputs were provided by both Seibel and Duqsi. The total amount allocated for Phase II was \$2 million of which \$500,000 was from UNDP and \$1.5 million was provided by the Japanese government, the first such cost-sharing agreement in the history of UNDP Syria.⁴⁶ The Japanese Ambassador had visited Jabal al-Hoss and was extremely impressed with project achievements to the extent that he made an immediate offer to provide funds towards Phase II.

The primary rationale for Phase II of Community Development at Jabal al-Hoss was that a very critical aspect pertaining to the sustainability of the village funds was yet to be addressed. Indeed, outside of the legal cover of a UNDP project document, there was no institutional framework that guaranteed the sustainability of the *sanadiq* at Jabal al-Hoss. Phase II of the project was designed to address this shortcoming through the creation of an association of village funds that is linked administratively to the Ministry of Social Affairs and Labor.⁴⁷ Associations in Syria operated under the Law of Associations (No. 93 of 1958 and its subsequent amendments: Legislative Decree 224 of 1969, Ministerial Decree of 1971, and Law No. 22 of 1974). Administratively, associations in Syria fell under

the jurisdiction of the Ministry of Social Affairs and Labor, which monitored their activities and audited their financial affairs,⁴⁸ though security officials were highly involved behind the scenes in all affairs pertaining to associations in Syria. The idea of creating an association was based on the premise that of all the existing alternatives, this constituted the least politicized option, and as will be noted below, was inspired by the successful creation of similar associations. By the end of Phase II of the project, all financial and organizational responsibilities of the village funds were to be handed over entirely to this newly created association.

The strategic framework for Phase II of the project was grounded in five major principles, which in their totality constituted the primary lessons learned from Phase I and which were articulated in the project document as follows:⁴⁹

- (i) Extracting the psychology of waiting, which emphasized the idea that the project cannot succeed as long as the inhabitants of Jabal al-Hoss believed that it was the government's responsibility to help them. Extracting this psychological approach to change, reinforced over four decades of Baathist socialism, was perhaps the most important challenge, which project staff faced when interacting with the rural population.
- (ii) Local resources first. Participatory development was taken to a new horizon in Jabal al-Hoss through the insistence of the project that UNDP funds would not be accessible until and unless local resources were first mobilized. No other UN project in Syria had ever asked its target population to mobilize their own resources prior to being eligible for receiving assistance.

(iii) Taking culture seriously. The rural inhabitants of Syria made it very clear that they cannot be expected to take the initiative if their values were not respected. Thus, a system of microfinance following Islamic principles was developed and refined over time.

(iv) Always begin with marketing. Development interventions cannot be artificially separated from the real world, where in the final analysis it is the laws of supply and demand that apply. Hence, emphasis is placed not on what type of income generating activity could be undertaken in Jabal al-Hoss, but rather on which activity had a definite market. Armed with this approach, novel ideas such as utilizing the dome-shaped mud houses, found in Jabal al-Hoss and all over rural Syria, for mushroom production were proposed and implemented with significant success.⁵⁰

(v) Respecting the principle of time. An actual change in the standards of living in the framework of a five-year project is not a realistic objective, at least not for the majority of the population addressed. What is not only realistic, but desirable is the institutionalization of the process of development. Only through respecting the principle of time can organic institutions be created that are self-managed and self-reliant.

On January 29, 2003, “SYR/02/001 Community Development at Jabal al-Hoss II” was signed by Tawfiq Ismail, Head of SPC, and Taoufik Ben Amara, the UNDP Resident Representative. The signing ceremony was attended by the Japanese Ambassador and a representative from the Ministry of Agriculture. One would have expected this event to receive significant attention from the media. In fact, the event was largely ignored. This, however was not surprising, not at least for those who

were directly involved in promoting this project. A deliberate policy of neglect of everything related to Jabal al-Hoss was sensed as early as 2001.

It was in fact in July 2001 that the Fund for Integrated Rural Development of Syria (FIRDOS) was established under the patronage of Asma al-Assad, the British-Syrian First Lady of Syria.⁵¹ When news first emerged of the creation of FIRDOS, UNDP Syria felt that this would clearly pave the path towards endowing the microfinance network it had created in Jabal al-Hoss with formal and subsequently legal legitimacy, especially since FIRDOS was created under the Law of Associations. No one expected the systematic neglect that followed. Asma al-Assad, who during these years travelled extensively throughout rural Syria, visited the project site only once in January 2007, seven years after its inception. A list of needed supportive actions was presented to her, and none of these requests were at any point addressed. On several occasions, she would visit a village only miles away from a village fund, and yet leave the area without any form of contact with project staff.⁵² All of this was taking place despite the fact that the UNDP office was consistently sending invitations to FIRDOS in the hope that Asma al-Assad, or anyone else from FIRDOS would pay a visit to a village fund in Jabal al-Hoss and see for themselves all the achievements that had taken place. Ironically, one of the key pillars of the newly created FIRDOS was Nouar al-Shara'a, the daughter of Farouk al-Shara'a the Vice President of Syria, who had earlier worked at the UNDP office and was well acquainted with the achievements of the Jabal al-Hoss project. Since Nouar al-Shara'a had consistently expressed her admiration of the project's achievements, the decision to ignore the Jabal al-

Hoss project was clearly higher than her.⁵³ At no point did any of the representatives of FIRDOS directly reach out to UNDP nor to the Jabal al-Hoss project staff, not even for the mere coordination of efforts since FIRDOS would eventually disperse loans in some of the villages of Jabal al-Hoss. International and national experts on microfinance were regularly contracted by FIRDOS, but none who were linked in any way to the Jabal al-Hoss project. Furthermore, the microfinance scheme, which FIRDOS eventually adopted violated all of the five principles of Phase II outlined above.

That FIRDOS, an institution created during the reign of a president officially described as a reformer, would hold such a dismissive attitude towards a UN sponsored project that was trying to achieve precisely what FIRDOS aspired to achieve, is one of the many anomalies that became apparent after Bashar al-Assad came to power. Thus, one comes to appreciate the irony that lies in the fact that some of the most important achievements of Jabal al-Hoss took place prior to the death of Hafez al-Assad and in the period when members of his old team still held positions in the government. That is not to say that achievements pertaining to the alleviation of poverty -- not related to Jabal al-Hoss -- did not take place. Indeed, and primarily to Dardari's credit, there were several very important achievements in the realm of documentation and analysis; such as the publication in 2005 of "Poverty in Syria: 1996-2004 Diagnosis and Pro-Poor Policy Considerations," the most comprehensive study of its kind on poverty in Syria.⁵⁴

V - Disseminating the Experience (January 2003 – October 2005):

The signing of Phase II of Community Development at Jabal al-Hoss in January 2003 meant that the achievements of the project could now continue. Indeed, by the end of 2003, the number of *sanadiq* had grown to thirty, and the number of shareholders to 6,468. Total capital reached 63.7 million Syrian pounds, of which 10.6 million constituted the total value of shares.⁵⁵

In late 2003, UNDP's Resident Representative, Taoufik Ben Amara, left Syria and a new Resident Representative arrived, Ali Za'tari. Having heard about the significant achievements of Community Development at Jabal al-Hoss, and aware of the strongly held views against the project, which some influential members of the Syrian government held, Za'tari wisely proposed that an independent international mission would visit the project to prepare a comprehensive review. A mission arrived in early 2004, comprised of Deena Burjorjee and Judith Brandsma from the United Nations Capital Development Fund (UNCDF), and by May had concluded its report. The report in fact, covered microfinance in Syria as a whole, but with special focus on Community Development in Jabal al-Hoss. The report concluded:

“... this programme is the *only* known programme in the region that is owned by members [villagers] who buy shares and get an annual dividend on their share holding. It is a model that could be replicated in other rural areas where social cohesion is strong.”⁵⁶

The positive review of the project, which this report contained, served to secure the support of UNDP's new leadership in Syria, but beyond that, it had little impact.

As noted above, IFAD had a large investment project in Jabal al-Hoss, which was visited frequently by international IFAD consultants. During such missions, these experts would visit the village funds and closely examine their progress. By mid-2002, IFAD was already convinced that the idea of *sanadiq* had significant potential and should be incorporated into its own projects. Between June 2002 and March 2004, Imady, at times alongside Seibel, was asked to incorporate, in various degrees and project-life stages, the idea of the *sandug* into the following IFAD projects:

- The Idleb Agricultural Development Project (Idleb Governorate);⁵⁷
- The Southern regional agricultural development project II (Sweida, Dara'a, and Qunaytra governorates);⁵⁸ and
- The Badia Rangeland Development Project (Raqqqa, Dier Ezzor, Hama and Hassakah governorates).⁵⁹

So impressed was IFAD by the effectiveness of the *sanadiq* that it also asked Imady to incorporate the concept into two regional projects as well:

- October – November 2003, Small Holder Livestock Rehabilitation Project (Bekaa, Lebanon);⁶⁰
- January – March 2004, Agricultural Resources Management Project (Karak, Tafileh, Jordan).⁶¹

Not only was the idea being replicated, coordination mechanisms were being established between the various *sanadiq* in Syria. Jabal al-Hoss now had its own national consultants in the field of microfinance and women empowerment, who regularly visited other project sites and who at times were asked to contribute to IFAD projects in Syria and Jordan.⁶² The institutional fabric of rural Syria was undergoing a significant change, but it was one that lacked not only official patronage but also a legal framework. Despite the continuous efforts to obtain formal authorization for the creation of an association of village funds at Jabal al-Hoss, and subsequently in other parts of rural Syria, the Ministry of Social Affairs never received the ‘green light’ to provide such an authorization from the security establishment, a known and critical prelude to formalization. Talk of a forthcoming law on microfinance provided hope that the *sanadiq* would find a legal shelter within the framework of new financial legislation. Meanwhile, a new cabinet was formed in September 2003 and Adel Safar was appointed as Minister of Agriculture.⁶³ For reasons that remain unclear, Safar turned strongly against Duqsi in 2004, and despite the continuous achievements of the project (7,347 shareholders by December 2004),⁶⁴ Safar seemed adamant at removing Duqsi from his post.

On November 21, 2005, Safar formally dismissed Duqsi from his position as National Project Director (NPD). Khaled al-Qatini, from the University of Aleppo, was designated as his replacement.⁶⁵ A news article that covered this event spoke of a ministerial evaluation mission which came across a number of important problems in how the project was being implemented.

Significantly, the major point that was raised was the principle of *murbaha*, or the principle of Islamic sale for profit, which was described as unfair to the rural inhabitants, despite the fact that the earnings were partly allocated as dividends to the shareholders and partly deposited as retained earnings in the *sandug*.⁶⁶ Nothing was said about the major indisputable indicators, which were recognized by the Syrian government, and acknowledged by all parties concerned as reflective of unprecedented success in the realm of microfinance. To his credit, Za'tari, UNDP's Resident Representative, formally objected to this decision and al-Qatini lasted no more than one week as NPD of the project. Mahmoud al-Asa'ad, the Senior Finance Officer of the project, was designated as interim NPD until March 2006 when Ali Rida Kayali, who was an NPD for a project pertaining to the collapse of the Zeyzoun dam, was designated as Duqsi's formal replacement.

Not only did the removal of Duqsi have an impact on how the project was managed, but it also had a profound impact on the trust and confidence which members of the *sanadiq* once had in this project. The inhabitants of Jabal al-Hoss, who had closely worked with Duqsi, perceived his removal as the beginning of the end of their experience with political and financial empowerment. The events that unfolded after 2005 sadly proved just how correct they were.

VI - Suspending & Dismantling the Network of Village Funds (October 2005 – December 2008):

Just as Ali Za'tari, the Resident Representative of UNDP Syria, had asked for a review mission upon his arrival in Syria at the end of 2003 in order to clear any doubt on the merits of what

UNDP was implementing in Jabal al-Hoss, he again asked for another independent mission after Duqsi's ouster in order to determine whether or not the critique of the Ministry of Agriculture was valid. A mission arrived in December 2005 and prepared a report which concluded:

“Based on the UNCDF mission findings and the field observations and borrowers’ interviews during the current mission, we believe that the Jabal Al-Hoss project has established a successful model for extending needed financial services, namely savings and loans to poor villagers. The two unique features of the project are: 1) It utilizes the Islamic principle for lending “*Murabaha*” which is widely accepted by the local community, thereby eliminating sensitivities to access loans, and 2) It provides the local community with self-empowerment mechanisms represented in the establishment of the *Sandug* through shares paid by villagers, with a high percentage of women participation. After appropriate fine-tuning and proper documentation of the experience, the Jabal Al-Hoss project could be considered as a pioneer model for replication in other rural areas in Syria.”⁶⁷

Indeed, the independent mission had once again vindicated the experience, and once again the findings were ignored.

As noted above, Ali Rida Kayali, became the NPD in March 2006. The experience of Community Development at

Jabal al-Hoss during Kayali's tenure is perhaps best described as having been suspended. Kayali neither encouraged the further growth of the *sanadiq* (thereby ensuring that he was protected from the wrath of the Minister of Agriculture), nor did he seek to modify the way in which the *sanadiq* had been so far managed. The indicators of the experience also point to a stabilization of the achievements. While the number of shareholders grew from 6,468 in 2003 to 7,347 in 2004⁶⁸ (during which time Duqsi was still the NPD of the project), the number of shareholders in 2008 had grown only to 7,459. The number of *sanadiq* was still 32 (as it was in 2004).⁶⁹

The most important indicator, however, is the total amount of equity available: 101,860,059 Syrian pounds in 2007.⁷⁰ The significance of this number lies in the fact that it relates to the last attempt to create an autonomous institution that would protect the *sanadiq* after Phase II of the project was completed. As noted earlier, the initial attempt was to create an association under the umbrella of the Ministry of Social Affairs and Labor. The authorization to create this association was never obtained. In February 2007, Law No. 15 on Microfinance was issued and the Syrian government, during a Project Steering Committee meeting, decided that since the new law allowed for the creation of microfinance institutions, the *sanadiq* should be transformed into such an institution.⁷¹ This decision, however, entirely disregarded a highly important fact; namely, that the new law specified that the minimal equity for any institution created under its framework is 250 million Syrian pounds, whereas, as noted above, the total equity of the project in 2007 was 101,860,059.00 Syrian pounds. In other words, the project was 150 million Syrian pounds short (approx. \$3 mil-

lion at 2008 exchange rates). There were no suggestions or strategies proposed on how such an amount would be mobilized, especially since the same Project Steering Committee meeting decided that the project would be completed and transferred entirely to government jurisdiction by December 2008 at the latest. A final attempt to save the *sanadiq* was made in the spring of 2007. Dardari, who was well aware of the danger facing the sustainability of the *sanadiq* in Jabal al-Hoss, and in turn of all *sanadiq* created in rural Syria, solicited the help of a Malaysian organization involved in global microfinance with the purpose of providing the needed funds to create a microfinance organization under Law No. 15. However, once again, this attempt failed.⁷²

UNDP staff members, aside of course from Duqsi, remained at Jabal al-Hoss until December 2008. Mahmoud al-Asa'ad, Senior Finance Officer, and Nashwa Abdel Karim, Women Empowerment Officer, were left to witness the disintegration of what was once a vibrant experience. By 2008, the inhabitants of Jabal al-Hoss had lost their enthusiasm and pride in the *sanadiq* they managed. They felt both helpless and bitter towards what was clearly about to take place. In December 2008, a government committee arrived to oversee the transfer of all administrative and financial documents of the *sanadiq* to the Ministry of Agriculture. Soon after, the funds were transferred to the ACB, the shares were returned to the inhabitants, the *sanadiq* were formally closed and it was made known that, henceforth, loans would only be provided on the basis of the laws and procedures of the ACB. All the doubts that the inhabitants of Jabal al-Hoss once shared with Seibel, Duqsi and Imady, back in 1999, regarding the government's willingness

to allow for truly self-managed and self-reliant financial institutions to be established in their villages, the very doubts UNDP had promised would not be allowed to materialize, had come true.

After rural Aleppo joined the protests in late 2011, including Jabal al-Hoss, the inhabitants fell victim to the same type of violent response protestors faced elsewhere. It is, indeed, an ironic ending for the story of Community Development at Jabal al-Hoss that the project's main headquarters would be shelled and destroyed by the Syrian army in Ramadan (July) 2012, under the pretext of terrorist activities.

VII - Community Development at Jabal al-Hoss & the Syrian Uprising – How Real is the Relationship?

“This is the first time in the history of Syria that we find peasants protesting against the Baath.”⁷³

Muhammad Salman, ex-Minister of Information
& the Head of the ‘National Democratic Initiative’

– August, 2011.

If there is one characteristic that the majority of analysts who have examined the Syrian Uprising agree upon, it is the predominantly rural nature of this phenomenon.⁷⁴ Yes, cities like Dara’a, Homs, Hama, Idleb and Dier Ezzor were clearly engaged, but the two major cosmopolitans of Damascus and Aleppo, embracing nearly half the population, were definitely late comers. So thoroughly rural was this phenomenon that

when Damascus and Aleppo finally began to join, it was in actual fact their rural areas, and subsequently, the more immediate suburbs that were inflamed in protest. In the case of Damascus, the first circle stretched from Darayyah in the extreme southwest, to Zabadani in the extreme northwest. The second, drew closer and took root in such suburbs as Kafar Souseh, Duma, Tal and Qudsayyah. That is not to say that what might be called 'central' Damascus and Aleppo were void of sympathizers with the Uprising. In fact, both witnessed important protests during the early days of the Uprising, and both gave birth to key leading figures of the Uprising. But in the final analysis, the energy and dynamism of the Uprising did not emanate from these major cosmopolitans.⁷⁵ In fact, it would have been so much easier for the regime had the Uprising been a primarily urban phenomenon, as was the case in the 1980s. The Muslim Brotherhood of the 1980s did not draw its sympathizers from the villages. It was a very urban phenomenon and was primarily manifested in the city of Hama, though it did succeed in recruiting members from middle class families in Damascus and Aleppo.⁷⁶ Not one of the villages we so often hear about today, e.g. Teftanaz, Ariha, Kafarnubul, etc. were part of the revolt of the 1980s. In fact, it was from Syria's rural areas that those who suppressed the events of the 1980s and who continued to safeguard the regime in subsequent years were recruited. Al-Rastan, for example (the rural town of Mustafa Tlas), gave almost its entire male offspring as volunteers to the Syrian army, only to become one of the strongest points of resistance after 2011.⁷⁷

Why then did these rural areas rise in this way, if in fact they were previously one of the major foundations of the Baath

regime? Of course one can emphasise the impact of the drought noted above. Another possible explanation lies in how the regime dealt with these protests. Criticism of the ‘security option’, as it has come to be known, is abundant by both enemies and friends of the regime. The way in which the government interacted with these protests may explain the stubbornness and how inflamed they became, but it is not adequate to explain what sparked them in the first place. Some of the earliest footage of the protests in Dara’a shows a deliberate attack on the offices of Syiatel, the mobile company owned and managed by Rami Makhlouf.⁷⁸ This was an economic statement and a very loud one. The rural inhabitants of Syria in the 1980s could comfort themselves by pointing at the roads that were paved, the schools that were built and the electricity that was delivered to their rural areas. In 2011, all they could see was the immense divide between the lifestyles they pursued in their rural towns and villages and between those pursued by the middle and upper-middle class in Damascus and Aleppo; and if they were destined to continue to live in this way, the least they could expect from the Baath regime was respect. To deny them both, is to demand of them what their sense of self could not possibly submit to.

In fairness to the Syrian government, the demographic changes that Syria had undergone since the Baath took power are difficult for anyone to grasp. Syria had grown from a mere 6.3 million in 1971, when Hafez al-Assad took power, to nearly 23 million in 2011.⁷⁹ This constitutes overwhelming pressure on any economic development plan. Nevertheless, something could have been done. Something pre-emptive and something visionary. This is where the story of Community Development

at Jabal al-Hoss comes in. The dismantling of the network of *sanadiq* in Jabal al-Hoss clearly did not cause the Uprising. No such hypothesis is being proposed here. However, the critical question is: 'Had the Syrian government allowed for this network of self-managed, self-reliant and culturally sensitive network to spread all over rural Syria; had it provided it with the legal cover it required; had we been able in 2011 to speak of 6,400 *sanadiq* rather than 6,400 government controlled cooperatives, would the Syrian Uprising have found that same thirst in rural areas to protest against the government?' People protest, even when tanks are unleashed against them, when they have nothing to lose. Sadly, one of the most common statements that would be shared by the inhabitants of Jabal al-Hoss during the period when the *sanadiq* were most successful was: '... for the first time we feel like we have something of our own.'

Finally, one must ask: why did the Syrian government close down this network? Was it a premeditated and intentional plan to prevent a financial network of this nature from taking root in rural areas; or were the decisions that led to its downfall those of individuals who meant well but lacked an adequate understanding of what was truly at stake?' It is difficult to prove that there was an actual conspiracy against the *sanadiq* of Jabal al-Hoss. Nevertheless, the climate that was conducive for such a hostile attitude towards the *sanadiq* was, indeed, a natural extension of how the political and security establishment approached institutional activity that was not part of, or directly linked to, the official institutional layers of the regime. Evidence of how suspicious and distrustful the Syrian government is of any form of institutions that are autonomous in nature, however conciliatory their official line is, is found in a much

earlier spring than that of 2011. Indeed, it was in the spring of 2001 that very fluid institutions, known as *muntadayat* (singular *muntada*) or political forums were disbanded and their members harassed or black-listed despite the fact that many considered themselves personal friends of the regime and harboring only reformist principles.

The Syria that emerged after the death of Hafez al-Assad continued to view, with extreme suspicion, any form of autonomous institution that played a significant role in the lives of its community. Such institutions were regarded as intrinsically at odds with the type of power (both in terms of magnitude and breadth), which the Syrian government desired to maintain over its citizens. Reforms were only tolerated when they did not appear to necessitate any type of institutional relinquishment of power. Reforms that proved to demand such relinquishment, whether from the outset or over time, were regarded as both dangerous and unnecessary. The fact that the *sanadiq* had been proven positive from a development perspective was, from the standpoint of the security establishment, entirely irrelevant. They had also been proven to be financially and administratively autonomous, and that was sufficient to incriminate them. In light of the above, it is indeed legitimate for one to be surprised not by the fact that the *sanadiq* were eventually dismantled, but by the fact that they were allowed to continue for any length of time.

Endnotes

¹For Omar Imady's biographical note, see <http://css.wp.st-andrews.ac.uk/scholars/css-administration-team/omar-imady1/>

² See, for example, Raymond Hinnebusch, Atieh El Hindi, Mounzer Khadam, and Myriam Ababsa, *Agriculture and Reform in Syria*, St. Andrews, 2011; henceforth *Agriculture&Reform*.

³ An official 2010 FAO report states: "Currently, most of agriculture land in Syria is privately exploited (98.5%), and the cooperative sector offers services only when land is owned by farmers." Sunae Kim (FAORNE1) and NAPC2 (Syria), "Near East and North Africa Regional Network for Agricultural Policies (NENARNAP) - Country Policy Brief - Syrian Arab Republic," in *NENARNAP - Food and Agriculture Policy Review*, (December 2010), p. 6,

http://www.fao.org/fileadmin/templates/fapda/docs/Policy_Brief_SYRIA_FAPDA_Final.pdf [accessed November 1, 2012]. See also Atieh al-Hindi "Syria's Agricultural Sector: Situation, Role, Challenges and Prospects," in *Agriculture&Reform*; specifically p.15 where he states: "The private sector accounts for 98.5% of total investment (in the cooperative sector ownership is private). The joint sector and public sector account for 1% and 0.5% respectively.

⁴ See, Raymond Hinnebusch "The Ba'th's Agrarian Revolution (1963-2000)" in *Agriculture&Reform*, 9.

⁵ Ibid, p. 13.

⁶ For a breakdown of Syria's population from 1922 to 1994, see, Hanna Batatu, Syria's Peasantry, *The Descendants of Its lesser Rural Notables, and Their Politics*, Princeton University Press, 1999, 6.

⁷ Various demographic indicators on Syria, including urban/rural breakdowns, can be found in the following UN Report prepared by the Economic and Social Commission for Western Asia (ESCWA), http://s3.amazonaws.com/zanran_storage/www.escwa.un.org/ContentPages/50226654.pdf [accessed December 1, 2012].

⁸ Ibid.

⁹ On the relationship between the Grand Mufti of Syria, Ahamad Kuftaro, with Hafez al-Assad see, Radwan Ziadeh, "The Muslim Brotherhood in Syria and the Concept of "Democracy" " in *Centre for the Study of Islam and Democracy*, https://www.csidonline.org/9th_annual_conf/Radwan_Ziadeh_CSID_paper.pdf [accessed December 1, 2012]; Itzhak Weismann, "Sufi Brotherhoods in Syria and Israel : A Contemporary Overview," *History of Religions* 43 (2004), 303-318; Flint Lawrance Leverett, *Inheriting Syria: Bashar's Trial by Fire*, Brookings Institution Press, 2005, 229. Biographical information

on Kuftaro can be found at www.kuftaro.net/english/index.php.

¹⁰ A concise description of government policies and initiatives that were undertaken during the period 2000-2011 was written by Fayez Sara, a leading human rights activist. See “al-siyyasat al-suriyyah fi-mu’alajit al-faqr” (Syrian Poverty Alleviation Policies) in *Strategic Research and Communication Centre*, (August 15, 2011),

<http://ar.strescom.org/research/analysis/item/254-معالجة-في-السورية-السياسات-التي-تخفف-من-الفقر-الفقر> [accessed December 1, 2012].

¹¹ On the drought of 2008 and initiatives undertaken to alleviate its impact, see the following study prepared by the Arab Centre for the Studies of Arid Zones and Dry Lands (ACSAD), “Case Study – Drought in Syria, Ten Years of Scarce Water (2000-2010), (April 2011),” http://www.preventionweb.net/files/23905_droughtsyriasmall.pdf [accessed December 1, 2012]; and Masoud Ali, “Sanawat al-jafaf,” (2010), http://www.lb.boell.org/downloads/Water_drought_in_Syria.pdf [accessed December 1, 2012].

¹² UNDP’s special emphasis on poverty alleviation in the early 1990s is eloquently summarized by the following speech by UNDP’s Administrator in 1997: James Gustave Speth, “Freedom from Poverty: A Fundamental Human Right,” (November 1997), <http://www.hurights.or.jp/archives/focus/section2/1998/06/freedom-from-poverty-a-fundamental-human-right.html> [accessed October 1, 2012]. See also, UNDP, “Origins of the Human Development Approach,” (2010), <http://hdr.undp.org/en/humandev/origins/> [accessed October 1, 2012].

¹³ The Resident Representative of UNDP in Syria, 1989-1994.

¹⁴ The Deputy Resident Representative of UNDP in Syria 1989-1994.

¹⁵ Abd Allah Dardari, son of General Abd al-Razzaq al-Dardari (Chief of Operations during the 1973 war) was the Head of the Programme Section at UNDP Syria (July 1993 – December 1997); Director of Trade Promotion Department in the Arab Trade Financing Program, Arab Monetary Fund, Abu Dhabi (1998 - 2002); Head of the Programme Section at UNDP Syria (2002 – 2003); President of the State Planning Commission (December 22, 2003 – June 13, 2005; Deputy Prime Minister for Economic Affairs (June 15, 2005 – March 29, 2011); Director of the Economic Development and Globalization Division, ESCWA (September 2011 – present).

¹⁶ Head of the Programme Support Unit (March 1994 - December 1997), Head of Programme and Programme Support Unit (January 1998 - April 2001), UNDP & IFAD Microfinance Consultant (April 2001 – July 2004).

¹⁷ Minister of State for Planning Affairs (June 29, 1992 – March 13, 2000).

¹⁸ Deputy Minister of State for Planning Affairs and subsequently President of the State Planning Commission (December 12, 2001 – October 1, 2003).

¹⁹ Head of International Relations at SPC and subsequently President of the State Planning Commission (October 2, 2003 – December 21 2003).

²⁰ Minister of Labor and Social Affairs (June 29, 1992 – March 13, 2000). Khalil was a non-Baathist who represented the Arab Socialist Union Party – one of the parties comprising *al-jabha al-wataniyyah al-taqdumiyyah* (The National Progressive Front).

²¹ The meeting with Ali Khalil was held in late December at his office in Damascus.

²² A few online references exist on “The Experts’ Meeting on Poverty Alleviation and Sustainable Livelihoods in the Arab States,” which was held in Damascus, 28-29 February, 1996. See, for example, the following official UNDP document in which James Gustave Speth (the UNDP Administrator in 1997) refers to the conference as: “... the single most important initiative at the bureau [of Arab States] level in term of promoting national ownership of programme priority setting and dialogue with Governments and civil society.” UNDP, “The Annual report of the Administrator for 1996 and Related Matters. Addendum: Main Program record, Regional Bureau for Arab States,” (March 3, 1997): 3,

<http://web.undp.org/execbrd/archives/sessions/eb/Annual-1997/DP-1997-16-Add1-Part-II.pdf> [accessed October 1, 2012].

²³ Hans Dieter Seibel is not only an authority on microfinance, he has considerable experience working in countries where alternatives for interest had to be identified such as Syria, Sudan and Indonesia. The term ‘microfinance’ was actually first coined by Seibel in 1990. See, David Roodman, “What is Microfinance,” (October 11, 2010), http://blogs.cgdev.org/open_book/2010/10/what-is-microfinance.php [accessed October 1, 2010]; & Hans Dieter Seibel, “Islamic microfinance: the challenge of institutional diversity,” Working paper // University of Cologne, *Development Research Center*, No. 2007, 5, <http://hdl.handle.net/10419/30823> [accessed October 1, 2012].

²⁴ See IFAD, “Syria: Jebel Al-Hoss Agricultural Development Project - Project Completion Digests – 2008,” (2008), <https://webapps.ifad.org/disclosr/api/documents/711fa8de5cdfc6611f54a249b08f7eff> [accessed October 1, 2012].

²⁵ UNDP, “SYR/97/004 Community Development at Jabal al-Hoss,” (1998): 3-5, Unpublished Project Document; henceforth *CDAJH1*.

²⁶ The following section on the ACB is based on indicators found in: Hans Dieter Seibel, Annina Lubbock, and Henri Dommel, “Women and Men in Rural Finance in the Syrian Arab Republic: State-Owned Banking vs. Self-Managed Microfinance,” Working paper / University of Cologne, *Development Research Center*, No. 2002, 3, (2002): 7-10, <http://hdl.handle.net/10419/23704> [accessed October 1, 2012].

²⁷ On the often ironic relationship between Syria's Baath regime and the bourgeois, see Volker Perthes, "The Bourgeoisie and the Baath, A Look at Syria's Upper Class," Middle East Research and Information Project, MER170, (May/June 1991), <http://www.merip.org/mer/mer170/bourgeoisie-baath> [accessed October 1, 2012]. See also the highly informative Hanna Batatu, *Syria's Peasantry, the Descendants of Its Lesser Rural Notables, and Their Politics* (Princeton: Princeton University Press, 1999); and Raymond Hinnebusch, "Modern Syrian Politics," *History Compass* 6 (November 2007): 272, <http://www.st-andrews.ac.uk/intrel/media/ModernSyrianPoliticsHISTCOM.pdf> [accessed October 1, 2012].

²⁸ UNDP, "SYR/02/001 Community Development at Jabal al-Hoss II," Unpublished Project Document, (2003): 6; henceforth *CDAJH2*; and Hans Dieter Seibel, "Community Development at Jabal al-Hoss, Mid-Term Assessment," Unpublished Official Report, (November 15, 2001): 7; henceforth *MTA*. See also IFAD's formal entry on the idea of the 'sandug' in IFAD, "Sandug: A Rural Microfinance Innovation,"

http://www.ifad.org/operations/projects/regions/pn/infosheet/IS3_Syria.pdf [accessed October 1, 2012]; and Markus Buerli, "Microfinance in Marginal Dry Areas: Impact of Village Credits and Savings Associations on Poverty in the Jabal al-Hoss Region in Syria," Unpublished MSc Thesis, University of London, Imperial College, London (September 2004): 39-40.

²⁹ *CDAJH2*, 8-9; and Deena Burjorjee and Judith Brandsma with Mohamed Nasr, "UNDP Syria Microfinance Review," Unpublished UNCDF Report, (May 2004): 17; henceforth *MicrofinanceReview*.

³⁰ *CDAJH1*, 14-15.

³¹ *CDAJH1*, 8-14. See also *MTA*, 1-2.

³² On Syria's popular organizations under the Baath, see: Raymond A. Hinnebusch, "State and Civil Society in Syria," *Middle East Journal*, Vol. 47, No. 2 (Spring, 1993): 247.

³³ See above, endnotes 8-9.

³⁴ Minister of Agriculture and Agrarian Reform (June 29, 1992 – December 13, 2001).

³⁵ Mohammad Imady: Minister of Planning (March 22, 1972 - December 23, 1972); Minister of Economy and Foreign Trade (December 23, 1972 - January 14, 1980); President of the Arab Fund for Economic and Social Development (September 1, 1979 - April 8, 1985); Minister of Economy and Foreign Trade (April 8, 1985 – December 13, 2001).

³⁶ *MTR*, 14.

³⁷ *Ibid*, 1-2.

³⁸ *Ibid*, 4-6.

³⁹ *Ibid*, p. 5.

⁴⁰ Ibid, p. 4.

⁴¹ *MicrofinanceReview*, 16-17; & Abd al Majid Khojali and Magdy Moussa, "Jabal al-Hoss Technical Review/Evaluation Report," UNDP Unpublished Report, (December 23-28, 2005): 2; henceforth *TechnicalReview/Evaluation*.

⁴² *MTR*, p. 3.

⁴³ Hans Dieter Seibel and Omar Imady, "Mission Report, 2002," Unpublished UNDP Report, (2002): 6; & Hans Dieter Seibel, "Session 6 Member based Microfinance Institutions: The Example of the Sanduq Programme in Syria," Proceedings of an International Expert Meeting Organized by The Common Fund for Commodities (CFC), Khartoum, Sudan (November 9-11, 2003): 6.

⁴⁴ Hans Dieter Seibel, "Mission Report 2003," (July 17, 2003): 9-11.

⁴⁵ UNDP, *Database of the socioeconomic study of the area of Jabal al Hoss from the Rural Community Development Project (RCDP)*, (2000); Syria's First Human Development Report (000) can be found online in: UNDP, "Taqrir al-tanmiyyah al-bashariyyah li'amm 2000," (Human Development Report – 2000), (2000), http://hdr.undp.org/en/reports/nationalreports/arabstates/syria/Syrian_Arab_Republic_2000_ar.pdf [accessed October 1, 2012].

⁴⁶ *CDAJH2*, 1.

⁴⁷ Ibid, 5, 9-10.

⁴⁸ On Associations in Syria, see Human Rights Watch, *No Room to Breathe: State Repression of Human Rights Activism in Syria*, Volume 19, No. 6(E), (October 17, 2007): 18-22, <http://www.unhcr.org/refworld/docid/4717071c2.html> [accessed 29 October 2012] For a historical perspective, see Omar Imady, *The Rise and Fall of Muslim Civil Society*, Salinas, MSI, 2005.

⁴⁹ *CDAJH2*, 8-9.

⁵⁰ See: Hans Dieter Seibel and Omar Imady, "Sanduq: A Microfinance Innovation in Jabal al-Hoss, Syria," *NENARACA*, (September 2003): 8, http://www.econstor.eu/bitstream/10419/23544/1/2003-1_Sanduq_article_NENARACA.pdf [accessed in October 1, 2012].

⁵¹ On Firdos, see: International Finance Corporation – World Bank Group, "Syria Microfinance Market Assessment Final Report," (July 2008): 10; henceforth *MicrofinanceAssessment*. See also, *MicrofinanceReview*, 40.

⁵² For press releases documenting the visit of Asma al-Assad to Jabal al-Hoss (but not to the *sanadiq* of the project) see, (<http://www.el-awael.com/news/article/2072.html>) & (<http://www.barabeta.com/modules.php?name=News&file=article&sid=932>) &

(http://thawra.alwehda.gov.sy/print_veiw.asp?FileName=81687157220070129214301) & (<http://tishreen.news.sy/tishreen/public/read/98894>)

⁵³ On Nouar al-Shara'a and Firdos, see for example, Tishreen Online, *al-sandug al-suri l-tanmiyyat al-rif: afaq wa ru'a mustaqbaliyyah* (The Syrian Sandug for Rural Development: Horizons and Future Visions), (May 13, 2006), <http://tishreen.news.sy/tishreen/public/print/73390> [accessed October 1, 2012].

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http://www.scpss.org/libs/spaw/uploads/files/Economy/Poverty_in_Syria_1996_2004_En.pdf [accessed October 1, 2012].

⁵⁵ Hans Dieter Seibel, "Mission Report May 2005," Unpublished UNDP Report, (2005): 8; henceforth *MR2005*.

⁵⁶ *MicrofinanceReview*, 37-38.

⁵⁷ See: IFAD, "REPORT AND RECOMMENDATION OF THE PRESIDENT TO THE EXECUTIVE BOARD ON A PROPOSED LOAN TO THE SYRIAN ARAB REPUBLIC FOR THE IDLEB RURAL DEVELOPMENT PROJECT - Executive Board – Seventy-Seventh Session," (December 10-11, 2002): 7, 10, <http://www.ifad.org/gbdocs/eb/77/e/EB-2002-77-R-26-REV-1.pdf> [accessed October 1, 2012]. See also: IFAD, "Sandug: A Rural Microfinance Innovation in Jabal al-Hoss," http://www.ifad.org/operations/projects/regions/pn/infosheet/IS3_Syria.pdf [accessed October 1, 2012].

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⁵⁹ See: IFAD, "Scaling-up in NEN," PowerPoint Presentation, (October 26, 2011): slide 3, <http://www.slideshare.net/ifad/nen-scaling-up-ex> [accessed October 1, 2012].

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⁶³ Minister of Agriculture and Agrarian Reform (September 18, 2003 – April 13, 2011), and Prime Minister (April 14, 2011 - June 23, 2012).

⁶⁴ Al-Thawra, “24% nisbat al-murabaha sanwayan fi Jabal al-huss - I’fa’ mudir al-mashru’ litadani al-nata’ij,” (24% the rate of Profit Sharing in Jabal al-Hoss - Relieving the Project Director because of decreased results), (November 22, 2005)

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⁶⁵ Ibid.

⁶⁶ See: Syria News, “Ada’ mu’sasati bi=imtiyaz,” (Ideal Institutional Performance), (February 21, 2005) http://www.syria-news.com/readnews.php?sy_seq=17011 [accessed October 1, 2012] in which Za’tari’s objection to the removal of Duqsi is described as “... touching upon Syria’s sovereignty.”

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⁶⁸ *MR2005*, 8.

⁶⁹ Mahmoud Asaad, “Portfolio Jabal al-Hoss, 2008,” Unpublished UNDP Report, (2008).

⁷⁰ Mahmoud Asaad, “Portfolio Jabal al-Hoss, 2007,” Unpublished UNDP Report, (2007).

⁷¹ The law is found online in: Muntada Kuliyyat al-Huquq, “al-marsum al-tashri’i raqam 15 li-‘amm 2007,” Law number 15 – 2007), <http://www.f-law.net/law/showthread.php?39593-%C7%E1%CA%D1%CE%ED%D5-%C8%C5%CD%CF%C7%CB-%E3%C4%D3%D3%C7%CA-%E3%D5%D1%DD%ED%C9-%C7%E1%E3%D1%D3%E6%E3-%C7%E1%CA%D4%D1%ED%DA%ED-%D1%DE%E3-15-%E1%DA%C7%E3-2007-%C7%E1%D3%E6%D1%EC> [accessed October 1, 2012]. See specifically ‘Article 3.’ See also UNDP, “Minutes of Steering Committee Meeting of July 18, 2007,” Unpublished UNDP Report, (2007):

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